

"Flashpoints" of the CALFED Program Phase II Report
12/15/98

1. Commitment to surface storage.

The current approach of the Phase II Report (12/9/98) successfully addresses the State's deal point of aggressively developing additional storage. The federal agencies are now taking a hard stance against this approach, saying even the study of surface storage in Stage 1 is unacceptable. (Lester, I don't really know what the feds have said. This is just the rumor I have heard. I will leave it to you to correct.)

The current approach of the draft Phase II Report involves completing feasibility studies, evaluations, and permitting compliance procedures for selected surface storage projects in Stage 1. It also includes linking construction of any surface storage project to a high-level of water use efficiency, demonstrated progress on the water transfer framework, demonstrated commitment to finance by beneficiaries, and completed environmental documentation and permitting requirements including completion of site specific Clean Water Act Section 404 compliance.

2. Environmental Water Account

The EWA has the potential of successfully addressing the deal points listed below however, none of the specifics of the EWA are defined well enough at this time to make this determination.

- a. No dip in water supply.
- b. Develop more water and achieve reliability and predictability
- c. Aggressively pursue water transfers
- d. Bundling fishery improvement actions with water supply reliability improvements
- e. ESA assurances post ROD

3. Delta Conveyance alternative components

South Delta agricultural barriers. Federal fish agencies continue to refuse to accept barriers as the solution for meeting south Delta's irrigation needs. They maintain this position in spite of the fact that proposed Stage 1 actions (fish barriers at Head of Old River, increased Delta exports) will worsen conditions for local south Delta water users. They appear to be committed to working with DWR, USBR, COE, and DFG over 1999 to develop a permanent solution and complete the environmental documentation within 3-6 months after the CALFED PEIR/S ROD (12/99). This is a workable situation if 1) the federal agencies are firmly committed to developing a permanent solution and

complete environmental documentation by 3-6 months after the ROD and 2) implementation of increasing exports above 8500 cfs is solidly linked to a permanent solution to south Delta's diversion problems.

Screened Diversion Canal at Hood, on the Sacramento River. Language in the draft Phase II report does not reflect the most recent stance of FWS and NMFS. These agencies will not support construction of a diversion canal at Hood in Stage 1 for fish screen testing or water quality management. Water quality management is required as a result of closing the Delta Cross-channel for fish protection. FWS says they are willing to modify their demands for closing the Cross-channel rather than construct the diversion canal during Stage 1 and will support physical modeling and studies in Stage 1. This leaves stakeholders with no assurance that in-Delta water quality issues will be significantly addressed by CALFED.

4. 1999 Operations Plan

The current operations plan shows implementation of the in-Delta AFRP actions requires 140,000 acre-feet to make up water supply impacts. Progress is being made by the USBR to acquire this amount under an option contract as a means to assure water users the actions will be implemented with no significant impact to water supply. This option contract must be in place prior to DWR's commitment to implementing the in-Delta actions.

A demonstration of the implementation of the Environmental Water Account is proposed for WY 1999. This should help to define the operation of the account in more detail, incorporate additional tools to meet fish and water supply needs, and support an approach to addressing additional ESA listings in a non-prescriptive manner.

*Probably should ~~also~~ reference Deal
Points as an attachment.*